

1920

Marketing of cotton

Levin Clayton Matthews

Follow this and additional works at: https://egrove.olemiss.edu/dl_hs



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

Haskins & Sells Bulletin, Vol. 03, no. 06 (1920 June), p. 62-64

This Article is brought to you for free and open access by the Deloitte Collection at eGrove. It has been accepted for inclusion in Haskins and Sells Publications by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

The Marketing of Cotton

By L. C. MATTHEWS
Manager, Atlanta Office

I AM a bale of cotton, the first of ten bales produced on a farm among the Red Hills of Jasper County, Georgia.

The crop, of which I am a part, was cultivated by a negro tenant, the motive power being a Georgia mule. The details of the cost of my production were the very least of the troubles of either the landlord or the tenant, and were lost in the chaotic condition of agricultural accounting prevailing in the cotton belt.

I was harvested, or "picked," from the stalk early in September, before the frost had seared the leaves, before the autumn showers had beaten the locks to the ground, even while the foliage was yet green and the plant was blooming at the top, consequently I was free from all trash or dirt and was destined to grade well.

When the picking had accumulated approximately 1,500 pounds I was hauled in the crate of a one-horse wagon to the nearest ginnery, an adjunct of the National Cotton Oil Mill, at the town of H—, where I was ginned and packed, partly covered with six yards of jute bagging and bound with six steel bands or "ties."

The ginnery made a small profit on the sale of the bagging and the ties which bound me, and the charge for my ginning constituted a credit to Revenue from Ginning and was paid for with a part of the proceeds from the sale, to the ginnery, of my seed, which now also became a merchantable commodity—"but this is another story."

From the ginnery I was hauled to a nearby cotton warehouse where I was weighed, tipping the scales at 510 pounds. A large gash was cut across the entire width of my side and about a half pound of lint extracted therefrom, as a sample,

and exhibited on a table. After the usual bidding I was sold for forty cents per pound and incidentally my grade was designated as "middling fair" or number 2.

The storage receipt covering my deposit in the warehouse was O. K.'d by my purchaser, and the price marked thereon. The receipt was taken by my vendor to the local bank, where it was presented and paid, thus becoming the basis of a debit to the account of my purchaser and resulting in a secured overdraft on his account. For this overdraft the bank charged him the usual rate of interest. The proprietor of the warehouse was required to keep on deposit with the bank insurance policies fully covering loss by fire for all cotton so handled, payable, in case of loss, to the bank as its interest might appear.

I was kept in the warehouse several weeks, accruing in the meantime storage charges at the rate of 50 cents per month, which formed a credit to the storage revenue of the warehouse. These charges were paid on the day of my delivery, with a score of other bales of various grades and marks, which were loaded in the same car and shipped to my owner at the nearest compress point at the City of M—, about forty miles distant. The shipment was made on local billing by the Railroad Company, the Freight Revenue being assessed at 10 cents per 100 pounds, to the compress point, with the privilege of "Concentration and Reshipment" within 60 days.

I was allowed to remain in the compress for 15 days, free of charge, after which storage was charged against my owner at the rate of 20 cents per bale, per month, from the day of my receipt.

After remaining for a period of several weeks I was ordered "turned down"

together with 99 other bales of the same grade, Number 2. For this service the compress company assessed a charge against my owner of 10 cents per bale, in addition to the storage charge mentioned above, also a charge of 6 cents per bale for the service of reweighing several bales of the lot.

Before being ready for shipment, however, I was again cut open, this time on both sides, and resampled with a sampling tool similar to a harpoon with barbed edges thrust deep into my body and then withdrawn, primarily for the purpose of drawing samples from both my sides to prove that I was "middling fair" throughout, and furthermore to ascertain if, perchance, I concealed a grindstone, an old anvil, or the mildew resulting from the use of a few gallons of water, such result being termed "waterpacked." The samples drawn at the warehouse and the compress, together with other wasting of staple from the open sample holes and heads of my now ragged raiment, go to make up what is facetiously known as the "City Crop," which is of nondescript grade but none the less "pure velvet."

Being now ready for export, the lot of 100 bales, of which I am one, was ordered to the press room for compression. The six steel bands which held me together were removed, to be afterwards rerolled and sold by the compress for use again, such transaction being slightly profitable. I was then placed between the jaws of the press and subjected to a pressure sufficient to reduce me to somewhat less than my former size, the required high density of 40 pounds per cubic foot. I was rebound with twelve steel bands, shorter than those removed, and made of short pieces of old steel riveted together. My open sample holes and heads were then well covered with patches of new bagging upon which, on my side, was branded my new shipping mark "R2X", the letters indicating the lot,

the number indicating the grade, thus preparing me for the long haul to a foreign port, and compensating for my contributions to the "city crop" and loss of weight due to climatic conditions.

The compression of my bulk from the big bale to the compressed bale is a process necessary to economical transportation and results in the practicability of loading twice the number of bales in a car, thus utilizing the freight equipment of the railroad more nearly to its tonnage capacity. The same economy is obtained in the loading of ships for foreign ports.

The charge for my compression at the rate of \$1.25 per bale was made against the transportation line by which I was forwarded, and constituted a credit on the books of the compress to Earnings from Compression; the charge for patching, 17 cents to 95 cents per bale, depending on the quality and amount of bagging used, was made against the shipper and credited to the Bagging account of the compress, resulting in a profit from bagging purchased at wholesale and sold or applied at retail. Had I been patched with bagging furnished by the shipper a charge of 5 cents per bale would have been made, constituting a credit to Labor.

As soon as I was ready for compression a compress receipt, properly insured as to loss by fire, was issued for the entire lot of 100 bales. This compress receipt was presented by the shipper to the Railroad agent and exchanged for a bill of lading carrying a rate, from the original point of shipment through the port, of 48 cents per 100 pounds, the original local charges of 10 cents per 100 pounds being refunded to my shipper upon the surrender of the original receipted local freight bill. The process constitutes the "Concentration and Reshipment" of cotton at compress points and serves the purpose of successfully assembling large lots of the same grade without additional cost of transportation, and of

having the bales compressed before the long haul in order to conserve the use of the freight equipment.

Cotton destined to mills located in Southern territory is usually shipped through to its destination without compression, unless the haul is very long, while cotton destined to New England mills is compressed, though not always to as high density as that for export, the low density for New England cotton being about 23 pounds per cubic foot; the rate of compression 75 cents per bale. The contracts existing between the compress companies and the transportation lines specify the density required; insurance provisions with respect to cotton while in the compress under through bill of lading or under compress receipts; and the requirements as to loading freight equipment to its capacity, blue prints or diagrams being furnished showing the

manner in which cotton must be loaded in the cars. The contracts are secured by surety bonds. So you see I was quite safe while in the compress.

The entire lot of 100 bales, as the result of compression, was loaded in the same car and in due course reached the port. Owing to some of my steel bands being badly riveted they burst asunder and my required density was thereby impaired. However, I was promptly carried to the port compress where I was recompressed, at the expense of the interior press, bound with new ties, and finally, with 20,000 other bales, loaded aboard a tramp steamer bound for Liverpool, from whence in the shape of some delicate fabric I may be returned and sold to those who produced me on the Old Red Hills of Georgia for \$1.00 per yard, thus becoming an important factor in the high cost of living.

The Crowded Hour

IF the average business executive had to prepare personally the income and profits tax returns for his organization he would realize better why the period just prior to March fifteen each year is illuminated with such a hectic glow. It is a time when every one is cross and ill-natured and ready to explode at the slightest provocation. It brings out the bad side of otherwise good tempers, makes enemies, and courts apoplexy. The victims do not recover sometimes for months. The effect upon the personnel engaged in this work is bad.

The situation affects bookkeepers, auditors, comptrollers, financial officers generally, public accountants, internal revenue officers, lawyers, and representatives of banks and trust companies which offer to assist depositors. It arises because so many persons, either real or corporate, try to do the same thing at the same time.

Inevitably some one must wait. The probabilities are that that some one, figuratively speaking, is injured in the struggle.

The preparation of a tax return is, as a rule, not a thing to be treated lightly. The work involved in and underlying its preparation is highly technical. It is complicated, requires careful thought and intensive concentration. The person who prepares a return must perforce carry the many aspects and ramifications of the subject in his mind at the same time. Haste not only contributes to mistakes but interferes many times with taking some advantage to which the respondent is entitled. If statistics were available they probably would show that large sums have been lost to the taxpayer because of lack of time in which to consider adequately the full provisions of the law, regulations and decisions in their bearing on his case.

The year which ends December thirty-